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1.

308 firms are now held by USIA and an-  
nounced by the Soviets de factor.

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## USIA Exports

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2. USIA's Central Commercial Bureau has issued an order to USIA firms directing them to accept only those export orders which can be filled from surplus stocks, and to turn over all surplus products to the Bureau for export.\* This directive may have been prompted by concern on the part of the Soviets that they might have to reimburse the Austrian Government after conclusion of a State Treaty for those export orders which are not completed at the time, but for which USIA has already received payment.

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## Disposal and Transfer of USIA Equipment

3. Sale of USIA equipment and other property continues, and the Soviets are now trying to sell for schillings a radio transmitter equipped with three masts, which was built and installed at the Neulengbach railroad yards, but never used by the German national railroads, and all medical and laboratory equipment as well as furnishings of Kurhaus Semmering, a former German military hospital.\*\* The Soviets are asking 300,000 schillings for the equipment from Kurhaus Semmering, although the estimated value is about 3,000,000 schillings. One excavator from the A.Porr A.G. plant in Vienna X has been shipped to Hungary, allegedly because there is no market for this type of equipment in Austria, and the Soviets have also removed industrial railroad tracks from this plant. At the same time, USIA is transferring machinery and allegedly is preparing to transfer key personnel from Ing. Alwin Wagner, Vienna IV, Phorusplatz 7, and J. C. Klinkosch A.G., Vienna II, Afrikanergasse 5. to Berndorfer Metallwarenfabrik A.G.

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CENTRAL INTELLIGENCE AGENCY

4. A recent confidential order issued by the Austrian Government to the Credit Anstalt, Laenderbank and Hypotheken-u. Credit Institut Wien, A.G., all government-controlled banks, which prohibits extension of credits to USIA enterprises, as well as the recent refusal of the Soviet Military Bank to turn over additional funds to USIA, may have contributed to current financial difficulties of some USIA-controlled firms. [ ] the sale of fireproof bricks, which cannot be obtained in Austria but must be imported for hard currency, by Erste Oesterreichische Maschingerlasindustrie A.G. as evidence of the dire financial straits of this USIA firm.\*\*\*

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[ ] Hungarian and Czechoslovak Purchasing Commissions

5. Hungarian and Czechoslovak Commissions are now inspecting USIA plants, accompanied by USIA officials, for the purpose of purchasing machinery and various other equipment. The Czechoslovak Commission, a group of three persons directed by one WEIMANN, arrived in Vienna during the first week of August 1949, and have visited USIA installations accompanied by OSIPOV and SHEVCHENKO. This commission is primarily interested in heavy construction equipment and machine tools, but to date no purchases have been made. The Hungarian Commission, under the supervision of one LUKACS, has ordered a considerable amount of industrial and construction equipment and has made cash payments in schillings to USIA for items already delivered. At the same time, this commission is surveying USIA property to determine those items which the Nazis confiscated from the Hungarians during the war, and the Commission is now claiming as Hungarian property a large hydraulic press valued at about \$40,000 held at Niessen-Werke Kmdt.-Ges. für Wärmetechnik-u. Maschinenbau. The Hungarian Commission is also interested in recruiting skilled labor and construction engineers for work on Hungarian road and aerodrome construction projects.\*\*\*\*

Neulengbach west of Vienna, has been confirmed in a report from another agency.

- 25X1 [ ] Comment: It is interesting to note, in this connection, that a report from another agency gives an account of an official communiqué from the Austrian cabinet which warns Austrians that purchases or leases from USIA factories are undesirable and entered at a personal risk, since these transactions may be invalid when the Occupation is withdrawn. According to a report from another agency, it is estimated that this glass factory will be out of production for at least seven months after it is returned to the Austrian economy.

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This document is hereby regraded to  
CONFIDENTIAL in accordance with the  
letter of 16 October 1978 from the  
Director of Central Intelligence to the  
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